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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
1 June 1967

INTELLIGENCE MEMORANDUM

Arab-Israeli Situation Report
(As of 1130 EDT)

1. Cairo has been rather vague in defining what strategic materials would not be permitted to pass through the Strait of Tiran to Eilat. The Egyptian newspaper al-Akhbar said today that the following items would be seized from Eilat bound ships: arms, explosives, ammunition, spare parts, aircraft, autos, railway equipment, clothing for the Israeli armed forces, machinery for making any of these items, chemicals and medicines, meat, cereal and grains, gold, silver and bank notes. According to the press release, a government spokesman refused to confirm or deny the newspaper report but he indicated it was accurate. No mention was made of oil, but apparently this is assumed as being strategic.

2. The UN Security Council will meet tomorrow morning to continue debate, but at the moment it is at an impasse. Due to this week's bitter debate marked by a tendency to polarization between East and West, there is considerable doubt that the Council will be able to take effective action. The Council has two resolutions before it. A US draft calls on all parties to comply with the Secretary General's appeal for a "breathing spell" with a reference to parties foregoing belligerence in the preamble. This reference is opposed by Arab supporters such as India and such a resolution is likely to meet a Soviet veto. A UAR resolution calls on Israel to recognize the Armistice Agreements and to cooperate with the UN Truce Supervision Organization (UNTSO) and the Egypt Israeli Mixed Armistice Commission (EIMAC) which should be reinstituted at

El Auja. If the Security Council approves any resolution at all it will have to be some blend of these two resolutions which contain some provisions that both sides accept. If no agreement is reached on any resolution then the Security Council President will attempt to get agreement on a consensus statement which would be the lowest common denominator.

3. King Husayn is apparently continuing to make concessions to radical Arab elements to reduce the pressures on his regime. A June 1 press item from Jordan reports that Ahmed Shugayri, the chairman of the Palestinian Liberation Organization (PLO), announced the reopening of the PLO Jerusalem headquarters. The move may be part of the deal forced on him by Nasir.

4. The semi-official Cairo newspaper al-Ahram today is quoted as saying that the International Monetary Fund, (IMF) has decided that it cannot proceed with the agreement reached with Egypt on its request for the withdrawal of 60 million dollars in free currencies. The report attributes the decision to action by the US aimed at applying "financial and economic pressure" on Egypt. The IMF has probably not in fact turned down the Egyptian request but is likely delaying action on it until the present crisis is over.

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6. There is no new information to change the conclusions of the Watch Committee meeting of 31 May which indicate that Israeli and Arab forces remain at a high state of readiness but diplomatic initiatives have temporarily delayed a showdown.

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